

Message Text

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ORIGIN OPIC-06

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FM SECSTATE WASHDC
TO AMEMBASSY KIGALI IMMEDIATE
INFO AMEMBASSY NAIROBI IMMEDIATE

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E.O. 11652:N/A

TAGS:EFIN, RW

SUBJECT:RWANDA TEA PROJECT

REF: KIGALI 273, 307

1. TEA IMPORTERS IS PREPARED TO COMPROMISE ON LTP QUESTION BUT CANNOT ON EMPLOYMENT CONTRACTS, AS THEY ARE ESSENTIAL PREREQUISITES TO SUCCESSFUL FACTORY CONSTRUCTION AND PRECONDITION FOR DISBURSEMENT OPIC/IFC LOANS.
 2. REQUEST AMBASSADOR TAKE ADVANTAGE OF WEDNESDAY LUNCHEON TO DISCUSS IMPORTANCE OF EXPATRIATE EMPLOYMENT CONTRACTS WITH ASSEMBLED GROUP. NECESSITY OF CONTINUITY OF MANAGEMENT DURING CONSTRUCTION OF FACTORY THROUGH OPERATION PHASE MAY NOT BE UNDERSTOOD BY RWANDANS. EXPERIENCED SUPERIVISON OF BUILDING OF THE FACTORY AND INSTALLATION OF THE MACHINERY IS
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AS IMPORTANT TO PROJECT SUCCESS AS THE ACTUAL RUNNING OF THE FACTORY ONCE IT IS COMPLETED 18 MONTHS FROM NOW. DURING THE DISCUSSION AMBASSADOR MIGHT TAKE OPPORTUNITY TO REMIND GROUP OF HIS DISCUSSION WITH PRESIDENCY AND OF PRESIDENCY'S INTEREST IN SWIFT AND FAVORABLE PROGRESS OF THE PROJECT, AN EXAMPLE OF PRIVATE ENTERPRISE QUOTE NEEDED AND WANTED END QUOTE BY RWANDA. IT WOULD BE UNFORTUNATE IF PROBLEM COULD

NOT BE RESOLVED AT RIBANJE/MUNYURIKIKO LEVEL AND WOULD HAVE TO AGAIN BE RAISED AT THE PRESIDENCY. FOLLOWING LUNCHEON DEPARTMENT WOULD APPRECIATE AMBASSADOR'S ASSESSMENT OF PARTICIPANTS RESPONSE AND PROJECT OUTLOOK AND SUGGESTIONS FOR HANDLING CONTRACT ISSUE IF STILL UNRESOLVED.

3. IN VIEW OF AMBASSADOR'S REQUEST AND POTENTIAL FOR RESOLUTION OF ISSUE DURING LUNCHEON PARNELL HAS BEEN INSTRUCTED NOT REPEAT NOT TO RETURN TO RWANDA FOR FOLLOW-UP HIS PREVIOUS VISIT.

4. DISCUSSION: FURTHER FACTORY PROGRESS IS IMPOSSIBLE WITHOUT MAJOR EXPENDITURE OF FUNDS ENABLED BY DISBURSEMENT OPIC/IFC LOANS AND PRESENCE OF BOYD-MOSS TO SUPERVISE PROJECT. BOYD-MOSS CONTRACT MUST BE SIGNED IMMEDIATELY, SO THAT HE CAN BE SENT FROM LONDON (WHERE FOR EMBASSY INFO WERTHEIM IS PAYING HIS SALARY TO HOLD HIM FOR PROJECT) TO KENYA AND RWANDA TO COORDINATE PROCUREMENT SHIPMENT AND INSTALLATION OF CAPITAL EQUIPMENT ITEMS. MAKES NO SENSE TO AWAIT COMPLETION OF FACTORY TO HIRE HIM; (A) HE WILL NOT BE AVAILABLE TO THE PROJECT MUCH LONGER IF HE IS NOT PUT TO WORK NOW AND (B) EFFICIENT OPERATION OF FACTORY ONCE BUILT WILL DEPEND ON HIS MANAGEMENT AND OVERSIGHT OF THIS CRUCIAL CONSTRUCTION PHASE. IN OPIC EXPERIENCE IN LDC'S, PROJECTS CAN EASILY FLOUNDER AND UNDERGO COSTLY DELAYS AND MISTAKES DURING CONSTRUCTION PHASE WITH JEOPARDY TO FUTURE OPERATIONS WITHOUT EXPERIENCED MANAGEMENT, WHICH BOYD-MOSS BRINGS TO PROJECT. HE HAS MANAGED TEA FACTORIES IN SRI LANKA, INCLUDING REBUILDING AND EXTENSIVE EXPANSIONS, LIMITED OFFICIAL USE

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EQUIPMENT INSTALLATIONS AND MODERNIZATION, AND INTRODUCTION OF NEW PROCESSING TECHNIQUES. OPIC FUNDS CANNOT BE DISBURSED UNLESS OPIC IS ASSURED CONSTRUCTION OF FACTORY WILL TAKE PLACE UNDER EXPERIENCED MANAGEMENT. LOAN AGREEMENTS LIKewise REQUIRE APPROVAL OF ALLES EMPLOYMENT CONTRACT. ALLES IS ENGINEER NEEDED LATER THIS YEAR WHEN TEA PROCESSING MACHINE IS INSTALLED.

5. FOR ARCHER: RE LTP. IF POSITIVE RESPONSE RECEIVED TO EMPLOYMENT CONTRACTS, WERTHEIM PREPARED TO MAKE FOLLOWING COMPROMISE WHICH IS APPROVED BY LENDERS. TEA IMPORTERS WILL PROVIDE ONE LINE OF THREE CTC MACHINES BUT LTP WILL ALSO BE INSTALLED, AS ORDERS HAVE BEEN PLACED AND AT THIS LATE DATE CANNOT BE CANCELLED; OTHER CHANGES WILL FURTHER DELAY COMPLETION OF FACTORY. IT IS NOTED THAT RWANDANS HAVE HAD AMPLE TIME TO VOICE OBJECTIONS TO LTP PROCESS. LAST OPPORTUNITY INDICATED IN WERTHEIM'S LETTER TO RIBANJE WRITTEN IN KIGALI SEPTEMBER 15, 1976 WHICH WAS NEVER ANSWERED. SUGGEST ARCHER DISCUSS PROPOSAL INFORMALLY WITH

GAHAMANI, RIBANJE AND/OR BIRARA AND THEN FORMALLY BRING IT

UP AT NEXT USINE BOARD MEETING. WHEN TEA IMPORTERS COMPLETES ITS SUBSCRIPTION INTO SIRT AND SIRT ITS SUBSCRIPTION INTO USINE, IT WILL CONTROL BOARD AND GENERAL ASSEMBLY. WERTHEIM WILL INSTRUCT ARCHER AT THAT POINT TO CAST TWO VOTES (OUT OF THREE) IN FAVOR OF LTP COMPROMISE.

6. WERTHEIM NOTES THAT BOARD MEETING OF USINE HELD LAST WEEK NOT LEGALLY CONSTITUTED, SINCE NEITHER RIBANJE NOR MUNYARUKIKO BOARD MEMBERS. HOWEVER, NOT A SERIOUS PROBLEM BECAUSE AUTHORIZATION FOR WERTHEIM TO SIGN LOAN DOCUMENTS SIGNED BY THE PROPER RWANDAN BOARD MEMBER RECEIVED FROM ARCHER.

7. OPIC SENDING SEPARATE CABLE TO ARCHER LISTING REMAINING PRE-DISBURSEMENT CONDITIONS. DECONTROL UPON LIMITED OFFICIAL USE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EMPLOYMENT, TEA, PROGRAMS (PROJECTS), LOAN AGREEMENTS, CONTRACTS
Control Number: n/a
Copy: SINGLE
Sent Date: 22-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition History: n/a
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Format: TEL
From: STATE
Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t19770334/aaaabdgj.tel
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Litigation Codes:
Litigation History:
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Subject: RWANDA TEA PROJECT
TAGS: EFIN, RW, OPIC
To: KIGALI
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